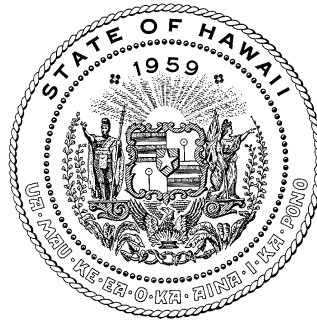


Annual Report to the Twenty-First Legislature
Regular Session of 2002

GEOHERMAL ROYALTIES
AND
GEOHERMAL AND CABLE DEVELOPMENT ACTIVITIES



Prepared by the

Department of Land and Natural Resources
State of Hawaii

in response to
Sections 182-18 and 196D-11, Hawaii Revised Statutes

December 2001

**Fiscal Year 2000-2001
Annual Report on Geothermal Royalty Dispositions
and Status of Geothermal and Cable System Development**

This annual report is prepared pursuant to Sections 182-18 and 196D-11, Hawaii Revised Statutes, and covers the period July 1, 2000 through June 30, 2001.

**Section 182-18, Hawaii Revised Statutes
Geothermal Royalties**

For Fiscal Year 2000-2001, a total of \$717,658 in geothermal royalties was received from Puna Geothermal Venture (PGV). In accordance with prior agreements, \$215,297.40 (30%) and \$143,531.60 (20%) were distributed to the County of Hawaii and the Office of Hawaiian Affairs, respectively. Geothermal royalties for Fiscal Year 2000-2001 were based on an average power production and sale of 27.0 megawatts per hour to the Hawaii Electric Light Company (HELCO).

During Fiscal Year 2000-2001, PGV began utilization of a new production well to produce electrical power. PGV also obtained County of Hawaii approval for increased power production from 30 to 60 megawatts and began negotiations with HELCO for the purchase of an initial eight (8) megawatts of electrical power.

**Section 196D-11, Hawaii Revised Statutes
Geothermal and Cable System Development**

There has been no change in the State Administration's policy regarding geothermal development since that issued by Governor John Waihee on December 8, 1992. Presently, this policy limits the State's support for geothermal development to currently permitted projects on the Island of Hawaii and sets forth that the State of Hawaii is no longer pursuing a large-scale geothermal project.

The Mineral Resources Program within the Department of Land and Natural Resources was abolished in 1995 in response to budget reductions. Statutory regulatory and resource management responsibilities continue to be performed under other Departmental programs within the Land Division.